

ATTACHMENT ONE: DEFINITIONS

Affordable Housing and Community Development Fund, or Development Fund – The funding source for BEED 2.0. The section of Indiana Code governing the Development Fund (IC 5-20) may be accessed at: <http://www.in.gov/legislative/ic/code/title5/ar20/ch4.html>.

Association for Enterprise Opportunity (AEO) – A national organization that supports development of strong and effective microenterprise initiatives to assist underserved entrepreneurs in starting, stabilizing and expanding businesses.

BEED 2.0 – The second round of the Business Expansion and Entrepreneurship Development initiative, an effort by IHCD to improve access to credit and technical assistance services for microentrepreneurs.

Community – any geographic area defined by specific boundaries.

Community Barriers – includes conditions in a community that may impede success in a job. This might include factors such as: lack of adequate, affordable child care; lack of public transportation; lack of markets; unavailability of financing, insurance or bonding; inadequate social services such as employment services and job training; high incidence of crime; inadequate health care; or environmental hazards such as toxic dump sites or leaking underground tanks.

Contract Term – The period during which loans may be closed and disbursed. The contract term for this RFP will be from April 1 2012 through December 31 2013.

Credit Builders Alliance – Per their website (creditbuildersalliance.org), Credit Builders Alliance is "...a nonprofit organization creating innovative solutions to help non-traditional financial and asset building institutions serving low and moderate income individuals build client credit and financial access in order to grow their businesses and/or personal assets." Among their services, Credit Builders Alliance offers CBA Reporter, a service that allows micro lenders to both pull and report credit for their borrowers.

Full-time Employee – a full time employee means that a business employs a person or persons for 2,080 hours a year (52 weeks times 40 hours a week).

Full-time Equivalent – a full time equivalent and a full-time employee is the same definition.

Individual Development Account, or IDA – An IDA is any savings account for which deposits by the account holder are matched by a third party for eligible purchases (such as a home or higher education) to build the account holder's assets and/or earning capacity. IHCD is the manager of Indiana's statewide IDA Program, which works through local agencies to offer IDA participants a match of three dollars for every dollar saved, along with assistance with financial management, budgeting, and asset goal specific training (for example, homeownership counseling for an individual interested in using IDA proceeds to buy a home).

Job Creation – a new full-time job that did not exist prior to the start of the BEED pilot project and that came about as a result of the start of the BEED pilot project. This new job will meet the full time employee definition above as it relates to the 2,080 hours a year.

Micro-Enterprise – A commercial business with five or fewer full time employees, including the business owner that has a relatively low volume of sales.

Monthly Pipeline Report – A report (substantially in the form to be provided) that details the number of each of the following received during the month and compares the current month to the prior month and to the year-to-date:

1. Applications submitted for credit, including the loan request, the rate requested, the term requested, and the collateral offered;
2. Loans in process at month-end, including the loan request, the rate requested, the term requested, and the collateral offered;
3. Loans anticipated to close within the next thirty days, including the loan request, the rate requested, the term requested, and the collateral offered.
4. Loans closed during the month, including the final loan amount, rate, term, and collateral;

Low- to moderate-income individual – For purposes of this RFP, low- to moderate-income individuals are those earning 200% of Federal Poverty Guidelines (see <http://aspe.hhs.gov/poverty/11poverty.shtml> for definitions and 2011 guidelines).

One-time Loan Cycle – The time period that it takes for the entire balance of the loan capital money to be loaned and repaid once.

Personal Barriers- personal barriers are those aspects of an individual's personal situation that may impede success in a job or business ownership. This might include factors such as limited education, substance abuse, insufficient life skills, criminal history, health problems or disability.

Program Delivery Expenses – costs directly related to the operation of the revolving loan program, such as direct personnel costs, direct training costs, marketing and advertising, loan administration software, and credit reporting expenses. This is as opposed to indirect expenses, commonly called overhead.

Revolving Loan Fund (RLF) – A revolving loan fund is a self replenishing pool of money, utilizing interest and principal payments on old loans to issue new loans.

Third Party Agreement – A written agreement entered into by the grantee and an organization, individual or business entity to define the roles of the partners and formalize a working relationship in support of the BEED pilot program.

Technical Assistance – involves a problem-solving event generally using the services of a specialist. Such services may be provided on-site, by telephone, or by other means of communication. These services address specific problems and are intended to assist with immediate resolution of a given problem or set of problems.

Third Party – any individual, organization, or business entity that is not the direct recipient of the BEED pilot grant dollars.

ATTACHMENT TWO:
BUSINESS PLAN TEMPLATE

Business Plan Components

- 1.0 INTRODUCTION** Provide an overview of the organization's lending operations (if any) and of its experience and track record in providing support services for borrowers or comparable customers, such as IDA holders.
- 1.1 Use of funds – The proceeds can only be used for a loan capitalization, but specify what kind of lending is planned for--start-up loans, expansion loans to existing business, or both. Describe any limitations on the use of loans or specific industries or business types that you will target or exclude.
 - 1.2 Describe the size of your RLF fund today and list your funding sources (IHCD/BEED, US Small Business Administration, USDA Rural Business Enterprise Grants, Community Development Block Grants, Foundation grant, Individual contributions, or other). Please describe how your organization will seek additional grant or loan dollars in the future for operating expenses and loan capitalization dollars, and provide an estimate of these amounts and the expected structure (loan, grant, forgivable loan).
- 2.0 DOCUMENTATION OF NEED** Please provide your Agency's mission statement and a general description of your organization. Describe your Community needs including what type of entrepreneurship training/technical assistance services and lending are needed? Describe what your Community Barriers are and how your RLF will help to address some of these barriers.
- 2.1 Be sure to discuss loan products currently available in your market area and why your target borrower is not typically able to access those products, if applicable. Describe what the current status of your lending efforts is (i.e. actively making loans, only servicing loans we have made in the past, not currently lending due to lack of funding, we are not currently making loans, but we have available cash to lend, other).
- 3.0 GOALS AND OBJECTIVES** – How do you define success for your RLF program? Within the context of the questions below, describe your specific goals and objectives for the award term. Describe why the development of a Revolving Loan Fund is important to the short term and long term goals of your organization.
- 3.1 Describe how your lending efforts will create jobs in your RLF service area. Include the projected full time jobs created by the RLF based on the total amount of loan capital anticipated in the RLF and discuss your method for estimating and confirming job creation by borrowers.
 - 3.2 Describe how your technical assistance services will help the borrower to build assets and discuss how you will know that you have been successful in this regard (for example, success might be an increase in net worth, development of a savings plan the benchmarks for which the borrower has met for at least a year, or purchase of an asset that helps the borrower to expand or strengthen their business.
 - 3.3 Describe how you will use the network and technical assistance available through BEED as well as other resources available to build your capacity to deliver loan capital to microentrepreneurs. Please define benchmarks by which you will define your success in this regard over the loan term. For example, you might set benchmarks around securing additional leverage for BEED dollars in your RLF (allowing you to serve more borrowers), or you might set benchmarks around prudently reducing the time required for a borrower to get from pre-screen to application to closing
- 4.0 ACTUAL AND PROJECTED OPERATING AND LENDING BUDGET.** Please submit the total actual (2010 and 2011) and projected (2012 and 2013) operating budget of the RLF using the format provided in Attachment Six. Discuss what kind of loans you expect to extend and what limitations you will place on loans (including what kinds of lending your RLF will not allow,

5.0 LENDING TERMS, CRITERIA & FEES

5.1 Terms

- 5.1.1 Loan Amounts – Will you prescribe a minimum loan amount? BEED allows a maximum loan amount of \$10,000 for a start-up loan and \$25,000 for an existing business loan. Does your RLF want to impose lower maximums?
- 5.1.2 Describe the amortization you expect to offer.
- 5.1.3 Describe the interest rate ranges that your RLF will charge.
- 5.1.4 Describe the collateral expected to secure the loans.
- 5.2 Applicant Eligibility Criteria – What kind of lending have you/do you expect to extend? What kinds of lending will your RLF not allow? Describe the types of self-employment/microenterprise businesses and/or industries that the RLF will support (provide loans and technical assistance to). Discuss how you will confirm that your borrowers are businesses that are likely to thrive in the target area and how you will help participants improve their economic self-sufficiency.
- 5.3 Describe any mandatory savings requirement, if applicable.
- 5.4 Fees – What fees if any will be charged? Detail your fee schedule for application fees, credit pull fees, filing fees, training fees, loan closing fees, origination or loan monitoring fees?
- 5.5 Please provide any additional Loan Stipulations (if applicable) that your Agency will impose.

6.0 TRAINING AND TECHNICAL ASSISTANCE

- 6.1 Who is the intended provider of technical assistance (your agency or a Third Party)?
- 6.2 Please describe how your organization provides entrepreneurship readiness assessment and helps potential borrowers with the development of an action plan.
- 6.3 What support or services do you provide for applicants and borrowers, either directly or through relationships with other organizations? Applicants will discuss their capacity to deliver technical assistance and training services. The BEED 2.0 business plan must present a viable approach for providing training and support services to potential or existing entrepreneurs, including technical assistance in basic business planning and management concepts, preparing a business plan, accessing business loans, troubleshooting/crisis intervention, and basic literacy and budgeting.
- 6.4 What banking relationships do you have that will help bridge your customers traditional lending sources – how will your organization approach this goal?
- 6.5 There must be a need for such businesses in the community.

7.0 FUND ADMINISTRATION

- 7.1 Describe your Agency's capacity to manage a community RLF and discuss how the RLF will be managed by the staff and overseen by the board; include resumes of key personnel and board members. If you already have an active RLF, please include some statistics on your program including the original loan capitalization, current capitalization, the number of loans and dollars loaned since inception, the amount of loan write offs since inception, the number of loans and dollars loaned currently. Be sure to specifically address the skills, abilities and knowledge of key personnel responsible for the program as well as the organization's experience and track record in managing such programs or comparable programs. If your proposed RLF is a start-up, in addition to discussing proposed management and oversight, discuss your organization's experience and track record in managing comparable programs, such as Individual Development Accounts or single-family lending programs.
- 7.2 Marketing and outreach – how do you market the program to prospective borrowers? Does your marketing include distribution of flyers, news articles, radio announcements, your

website, bank and other partner referrals or IDA referrals? Please attach copies of some marketing materials.

- 7.3 Discuss who is eligible to borrow from the fund and whether you will give priority to particular cottage industries or offer your loans on a first-come, first-served basis to qualified borrowers.
- 7.4 What is your loan application process? How will you follow up with interested borrowers to determine their suitability for RLF financing and secure an application? Will you require a pre-application and/or a formal loan application? Do you require a release of information so that your organization can pull a soft credit report early in the process with a potential borrower? Do you pull and review a hard credit pull at the time of a loan application? Attach a copy of all of your application materials.
- 7.5 Loan Fund Committee Structure - Who is on your loan review committee? How large is this group? Does it include staff, Board members and/or community leaders?
- 7.6 Loan Selection & Approval Process – What process will your RLF use to approve or deny loans?
- 7.7 Administrative Responsibilities - What functions are your organization able to provide directly? What functions should your organization provide through a community partner? Do you have any existing staff that might be able to work on this, or will you have to hire someone new?
- 7.8 Loan Policies and Procedures – provide a written copy of your Loan Policies and Procedures as an attachment to the Business Plan.

8.0 PORTFOLIO MANAGEMENT

- 8.1 Applicants will provide a summary of their historical (if applicable) and projected loan activity including original loan capitalization, current capitalization, the number of loans and dollars loaned since inception, the amount of loan write offs since inception, the number of loans and dollars loaned currently outstanding.
- 8.2 Closing and disbursement – describe your systems for closing and disbursing loans and for securing your investments.
- 8.3 Describe how your Agency has reported payment activity of your borrowers historically.
- 8.4 Applicants will describe their existing or proposed system to manage the timely repayment of loans, loan defaults, and how they typically resolve issues with delinquent borrowers to get them back on track if possible.
- 8.5 Describe what your process is when a loan is a write off situation. Do you pursue your available collateral for collection including collateral liquidation, personal guarantees etc.?

9.0 OTHER RELEVANT INFORMATION –This information is anything that the Agency wants to provide that is relevant that hasn't been covered in the previous 7 sections.

ATTACHMENT THREE:
FAMILY INCOME CERTIFICATION

BEED INCOME CERTIFICATION

☐ Owner job created ☐ Employee job created
Effective Date: _____
(loan application date)Loan Closing Date: _____
(MM/DD/YYYY)

PART I - DEVELOPMENT DATA

Borrower's Business Name: _____ County: _____

Name: _____ check if you are an Owner ☐

Title of new job created: _____ Starting wages: \$_____/hour # of hours: _____/week

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)		Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS) – a third party source document must be provided for all income sources listed below

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$	\$	\$	\$
Add totals from (A) through (D), above				TOTAL INCOME (E): \$

PART IV. INCOME FROM ASSETS – a third party source document must be provided for all assets listed below

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$	\$
Enter the total of Column (H) If over \$5000 \$ _____ X Passbook Rate 2.00% = (J) Imputed Income				\$
Enter the greater of the total of column I, or J: imputed income TOTAL INCOME FROM ASSETS (K)				\$
(L) Total Annual Household Income equals (E) + (K)				\$

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HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine if the employee (or business owner) who is filling a newly created job will meet the BEED low income definition for a household of 200% of poverty or lower. The undersigned has provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income, and true, complete and correct documentation to support such income.

Under penalties of perjury, each of the undersigned certifies that he/she is over the age of 18 and that the information presented in this Certification is true and accurate to the best of his/her knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the Borrower's loan agreement.

_____ Signature	_____ (Date)	_____ Signature	_____ (Date)
_____ Signature	_____ (Date)	_____ Signature	_____ (Date)

SIGNATURE OF OWNER/BORROWER

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this BEED Income Certification is/are properly certified as low income.

SIGNATURE OF OWNER/BORROWER

DATE

BORROWER'S BUSINESS NAME (this should match part I – Development Data on page 1) _____

PART V. DETERMINATION OF INCOME ELIGIBILITY (Agency Use Only)

TOTAL ANNUAL HOUSEHOLD INCOME
FROM ALL SOURCES:
From item (L) on page 1

\$

Household Income:

Current Income Maximum per Family Size:

\$

☐ MEETS the
BEED low income
definition of 200%
or less of poverty

☐ DOES NOT MEET the BEED
low income definition

Household Size at effective date:

ACKNOWLEDGMENT OF COMMUNITY ACTION AGENCY

The undersigned, on behalf of the community action agency administering the revolving loan fund, hereby executes this BEED Income Certification following completion of the "Household Certification & Signatures" and "Signature of Owner/Borrower" sections, certifies that the form is complete and that all supporting documentation is attached hereto, and represents and warrants that the community action agency will maintain the fully executed original of this form in its file for the borrower.

ACKNOWLEDGED BY:

_____, a community action agency

SIGNATURE

DATE

PRINTED

ITS

Request for Proposals: BEED 2.0

INSTRUCTIONS FOR COMPLETING BEED INCOME CERTIFICATION

The information on this form will be used to determine if the employee (or business owner) who is filling a newly created job will meet the BEED low income definition for a household of 200% of poverty or lower. This form is to be completed by the individual being certified as low-income (either an employee or the business) and the Community Revolving Loan Fund Manager. This form will be signed by the borrower, the individual being certified as low income and the Community Action Agency representative.

The borrower is responsible for providing primary assistance with this form to the individual being certified as low-income, and for providing the completed form and all supporting attachments to the Community Revolving Loan Fund Manager. However, the Community Revolving Loan Fund Manager is expected to complete part V. and provide assistance, as needed, with the form. *These instructions should not be considered a complete guide on CSBG compliance. The responsibility for compliance with federal program regulations lies with the community action agency serving as the lender to the borrower(s).*

Part I - Development Data

Check the appropriate box for the "Owner job created" (by the business owner/borrower) or "Employee job created" (where the employee meets the BEED low income definition).

Effective Date	Enter the effective date of the certification. This should be the loan application date.
Loan Closing Date	Enter the date the borrower is projected to close on the loan
Borrower's Business Name	Enter the name of the business that is borrowing money and creating a new job.
County	Enter the Indiana county that the business is headquartered in
Name	Enter the full name of the employee that is filling the newly created job
Title of new job created	Enter the title or brief description of the new job
Starting wages	Enter the starting hourly wage of the new job created
# of hours	Enter the expected number of hours per week that the employee will work

Part II - Household Composition

List all occupants of your household. State each household member's (HH Mbr) relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, and social security number or alien registration number for each occupant.

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If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

For the purpose of determining annual household income for the BEED program, a snapshot of the new employee's household income will be allowed to be used to project future income for the entire year. Provide proof (a source document for two weeks or a month may be used) from the third party obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the loan application. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A)	Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
Column (B)	Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
Column (C)	Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
Column (D)	Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
Row (E)	Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F)	List the type of asset (i.e., checking account, savings account, etc.)
Column (G)	Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
Column (H)	Enter the cash value of the respective asset.
Column (I)	Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
TOTALS	Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the greater of the total in Column (I) or (J)

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Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the BEED Income Certification.

SIGNATURE OF OWNER/BORROWER

The business owner must sign this form when submitting a newly created employee's income information. It is not necessary to sign this section if the BEED Income Certification form applies to the business owner's household.

Part V – Determination of Income Eligibility – This should be completed by the Community Action Agency

Total Annual Household Income from all Sources	Enter the number from item (L).
Current Income Maximum per Family Size	Enter the Current Income maximum for the household size, which is 200% of the poverty level as found in the guidelines published by HHS (http://aspe.hhs.gov/poverty/index/shtml)
Household size at effective date	Enter the number of household members from the part II. Household Composition section, page 1.
Household Meets BEED low income definition	Check the appropriate box for the income – Household “meets” the BEED low income definition or “does not meet”.

ACKNOWLEDGEMENT OF COMMUNITY ACTION AGENCY

The Community Action Agency's representative (most likely the Community Revolving Loan Fund Manager) must sign this section verifying that the form is complete and that all supporting documentation is attached. The Community Action Agency is responsible for maintaining the original, fully executed copy of this document in its file for the borrower.